

# Surpluses among non-profit health insurers – *January 2012*

## HB1301/ SB5247 (as amended)

**Non-profit insurers have accrued billions of dollars in surpluses while continuing to raise premiums.**

### Background

Over the past several years, the three major health insurers in Washington state – all of which are nonprofits -- have accrued large surpluses while continuing to raise health insurance premiums. The companies' combined surplus now totals more than \$2.4 billion.

#### **An insurer's surplus is not the same thing as its reserves.**

Reserves are money that insurers must set aside to pay future claims.

#### **Reserves are NOT considered part of a company's surplus.**

Surplus is what's left over after accounting for all foreseeable future claims and expenses.

Health insurance premiums continue to rise, and non-profits continue to build their surpluses. This legislation explicitly allows us to take these large surpluses into account when reviewing a nonprofit health insurer's proposed premiums.

### What the bill will do

Require the Office of the Insurance Commissioner to review non-profit health insurers' surpluses when determining if proposed rates are reasonable.

This would apply to individual and small group plans.